

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of )
)
GE American Communications, Inc., )
CCC Merger Sub, Inc., and )
Columbia Communications Corp. ) File No. SAT-T/C-20000203-00056
)
Application for Consent to Transfer of )
Space Station Licenses of Columbia )
Communications Corporation )
)
GE American Communications, Inc. )
CCC Merger Sub, Inc., and )
Columbia Communications Corp. ) File No. SES-T/C-20000203-00142
) Call Sign E980105
Application for Consent to Transfer of )
Earth Station License of Columbia )
Communications Corporation )

ORDER AND AUTHORIZATION

Adopted: June 26, 2000

Released: June 27, 2000

By the Chief, International Bureau:

I. INTRODUCTION

1. In this Order, we grant Columbia Communications Corp. (Columbia) authority to assign five space station licenses and one earth station license to a wholly owned subsidiary of GE American Communications, Inc. (GE Americom).1 This grant should allow GE Americom, which serves primarily the domestic telecommunications market, and Columbia, which serves primarily the international communications market, to compete more effectively in the global telecommunications market. The resulting competition will lead to wide service offerings and lower prices for consumers.

II. BACKGROUND

2. GE Americom is an indirect wholly-owned subsidiary of General Electric Corporation, a New York corporation. GE Americom is incorporated in Delaware with its principle office in New Jersey. GE Americom currently operates 13 satellites that provide primarily domestic U.S. services in the C- and Ku-bands.2 GE Americom holds a number of earth station licenses as

1 Columbia and GE Americom filed two assignment applications, one for Columbia's five space station licenses, and one for its earth station license.

2 Space Station Assignment Application at 2. These satellites are listed in Appendix A. For purposes of this Order, "C-band" denotes the 3700-4200 MHz and 5925-6425 MHz frequency bands. "Ku-band" denotes the 11.7-12.2 GHz and 14.0-14.5 GHz frequency bands.

well.<sup>3</sup> In addition, GE Americom has authority to launch and operate a Ka-band global satellite system, and has an application pending for authority for a global satellite system in the V-band.<sup>4</sup> An affiliate of GE Americom owns a minority interest in Nahuelsat, S.A., an Argentine corporation operating a Ku-band satellite at the 71.8° W.L. orbit location.<sup>5</sup> Another GE Americom affiliate owns half the transponders on the Ku-band Sirius II satellite, a Swedish satellite located at 5° E.L.<sup>6</sup> Further, GE Americom and Lockheed Martin Global Telecommunications (Lockheed Martin) have entered into a joint venture to launch a satellite into the 108.2° E.L. orbit location to provide service to Asia.<sup>7</sup>

3. Columbia currently provides Atlantic Ocean Region (AOR) service over the C-band Columbia 515 satellite, located at 37.7° W.L., and the TDRS-6 satellite, located at 47° W.L.<sup>8</sup> TDRS-6 is owned by the National Aeronautics and Space Administration (NASA), and Columbia has authority to lease C-band capacity on that satellite.<sup>9</sup> Columbia also leases capacity on NASA's TDRS-5 satellite located at 174.3° W.L. to provide Pacific Ocean Region (POR) service.<sup>10</sup> In January 1999, Columbia was authorized to launch and operate a C-band and extended C-band satellite at 47° W.L., and a hybrid C/Ku-band satellite at 172° E.L.<sup>11</sup> In addition, Columbia has a number of space station applications pending before the Commission.<sup>12</sup>

<sup>3</sup> Space Station Assignment Application at 2.

<sup>4</sup> Space Station Assignment Application at 2. GE Americom is authorized to launch and operate Ka-band satellites at the 56° E.L., 17° W.L., 85° W.L., 105° W.L., and 114.5° W.L. orbit locations. GE American Communications, Inc., Application for Authority to Construct, Launch, and Operate a Ka-band Satellite in the Fixed Satellite Service, Order and Authorization, 12 FCC Rcd 6475, 6485 (para. 30) (Int'l Bur., 1997). For purposes of this Order, "Ka-band" denotes the 17.7-20.2 GHz and 27.5-30.0 GHz frequency bands.

<sup>5</sup> Space Station Assignment Application at 2-3.

<sup>6</sup> Space Station Assignment Application at 3. Sirius II is owned by Nordiska Satellitaktiebolaget (NSAB), a joint venture composed of Teracom, a Swedish state-owned radio and television broadcaster, and the Swedish Space Corporation. GE Americom's affiliate, GE Capital Satellites International, uses 16 transponders on Sirius II to transmit video entertainment programming to Europe. See <<[www.cannes.aerospatiale.fr/anlais/sats/sirius2.html](http://www.cannes.aerospatiale.fr/anlais/sats/sirius2.html)>>.

<sup>7</sup> Space Station Assignment Application at 3. Great Britain has filed frequency information with the International Telecommunications Union (ITU) to begin the international coordination process for the satellite GE Americom and Lockheed Martin plan to launch at this location.

<sup>8</sup> Space Station Assignment Application at 4.

<sup>9</sup> Columbia Communications Corporation, Order, 11 FCC Rcd 8639 (Int'l Bur. 1996) (*Columbia STA Order*).

<sup>10</sup> Columbia Communications Corporation, Memorandum Opinion, Order and Authorization, 7 FCC Rcd 122 (1991).

<sup>11</sup> Columbia Communications Corporation, Order and Authorization, 14 FCC Rcd 3318 (Int'l Bur. 1999). For purposes of this Order, "extended C-band" denotes the 3625-3700 MHz and 5850-5925 MHz frequency bands.

<sup>12</sup> Space Station Assignment Application at 4. Specifically, Columbia has applied for authority to provide Ku-band service to the Southern Hemisphere from its satellite located at 37.7° W.L.

Finally, Columbia holds one license for a C-band transmit/receive earth station with a 4.5-meter antenna in Las Cruces, New Mexico.<sup>13</sup>

4. GE Americom created CCC Merger Sub, Inc. (Merger Sub) to facilitate its proposed merger with Columbia. If this transfer is approved, Columbia's licenses would be transferred to Merger Sub, and Columbia would then become a wholly-owned subsidiary of GE Americom.<sup>14</sup> The applicants argue that the combination of their satellite systems would form a global satellite network that could compete more effectively with other global satellite network operators.<sup>15</sup> No comments or oppositions were filed in response to the proposed merger.

III. DISCUSSION

A. Legal Standard

5. Under Section 310(d) of the Communications Act, we must find that the proposed assignment serves the public interest, convenience, and necessity before we can approve the assignment of authorizations or licenses.<sup>16</sup> To make this finding, we must weigh any potential public interest harms against any potential public interest benefits, considering competitive effects and other public interest factors such as rapid delivery of service to the public.<sup>17</sup> As the Commission explained in the *TCI/AT&T Order*:

[O]ur public interest analysis is not, however, limited by traditional antitrust principles . . . . It also encompasses the broad aims of the Communications Act. . . . To apply our public interest test, then, we must determine whether the merger violates our rules, or would otherwise frustrate our implementation or enforcement of the Communications Act and federal policy. That policy is, of course, shaped by Congress and deeply rooted in a preference for competitive processes and outcomes.<sup>18</sup>

Columbia's application to construct, launch, and operate a Ku-band satellite at 49° W.L. is also pending. In addition, Columbia filed a petition for reconsideration of the Bureau's January 2000 Order denying Columbia's request to revoke Loral Space & Communication Ltd.'s (Loral's) Ku-band authority at 47° W.L. and add Ku-band capacity to the C-band satellite it is authorized to launch to the 47° W.L. orbit location. See Columbia Communications Corporation, Memorandum Opinion and Order, DA 00-113 (Int'l Bur., released Jan. 21, 2000). Finally, Columbia's request to extend its STA to lease C-band capacity on TDRS-6 is pending.

<sup>13</sup> Earth Station Assignment Application.

<sup>14</sup> Space Station Assignment Application at 4-5.

<sup>15</sup> Space Station Assignment Application at 6; Earth Station Assignment Application at 6.

<sup>16</sup> 47 U.S.C. § 310(d).

<sup>17</sup> Applications for Consent to the Transfer of Licenses and Section 214 Authorizations from Southern New England Telecommunications Corp., Transferor, to SBC Communications, Inc., Transferee, Memorandum Opinion and Order, CC Docket No. 98-25, 13 FCC Rcd 21292, 21298 (para. 13) (1998) (*SNET/SBC Order*); Application of WorldCom, Inc. and MCI Communications Corporation for Transfer of Control of MCI Communications Corporation to WorldCom, Inc., Memorandum Opinion and Order, CC Docket No. 97-211, 13 FCC Rcd 18025, 18030-31 (paras. 8-9) (1998) (*MCI/WorldCom Order*).

6. Consistent with this precedent, we begin our analysis by identifying the relevant product markets that are affected by the proposed transaction, and then consider the competitive effects of the proposed transaction in these markets. Subsequently, we consider the Applicant's request for a waiver of the Commission's "cut-off" rule.<sup>19</sup>

**B. Effects on Competition**

**1. Relevant Product Markets**

7. In evaluating the competitive effects of proposed transactions, the Commission considers both the relevant product market and geographic market. For satellite service providers, the Commission has determined that the relevant product markets include domestic and international telecommunications markets. The domestic telecommunications market includes "all interstate, domestic interexchange telecommunications services with no relevant submarkets."<sup>20</sup> The relevant geographic market for satellite services is nationwide.<sup>21</sup> The Commission has divided the international communications market into three submarkets: international message telephone service (IMTS), non-IMTS, and television service.<sup>22</sup> The Commission has also analyzed the international telecommunications market on a country-by-country basis, where each country represents a separate geographic market.<sup>23</sup>

**2. Competition in the Affected Product Markets**

**a. Domestic Telecommunications Market**

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<sup>18</sup> Applications for Consent to the Transfer of Licenses and Section 214 Authorizations from Tele-Communications, Inc., Transferor, to AT&T Corp., Transferee, Memorandum Opinion and Order, CS Docket No. 98-178, 14 FCC Rcd 3160, 3169 (para. 14) (1999) (*TCI/AT&T Order*). See also Application of MCI Telecommunications Corporation, Assignor, and Echostar 110 Corporation, Assignee, Order and Authorization, FCC 99-109 (released May 19, 1999) (*MCI/Echostar Order*) at para. 7.

<sup>19</sup> Space Station Assignment Application at 10-11; 47 C.F.R. § 25.116(c).

<sup>20</sup> Loral Space & Communication Ltd. and Orion Network Systems, Inc., International Private Satellite Partners, L.P. (d/b/a) Orion Atlantic, L.P., Applications for the Transfer of Various Space Station, Earth Station, and Section 214 Authorizations, Order and Authorization, 13 FCC Rcd 4592, 4595 (para. 9) (Int'l Bur., 1998) (*Loral/Orion Order*).

<sup>21</sup> *Loral/Orion Order*, 13 FCC Rcd at 4595 (para. 9); Application of Western Union Corporations, Assignor, to Hughes Communications Galaxy, Inc., Assignee, for Consent to Assignment of Licenses, Memorandum Opinion and Order, 3 FCC Rcd 6792, 6794 (para. 16), n.20 (1988) (*Western Union/Hughes Order*).

<sup>22</sup> See International Competitive Carrier Policies, Report and Order, CC Docket No. 85-107, 102 FCC 2d 812, 821-22 (para. 22) (1985) (*International Competitive Carrier Order*). Non-IMTS services include telex, telegram, private line, high and low speed data, and other enhanced service offerings. More recently, the Commission has determined that the international television market actually consists of two relevant markets: full-time video, and occasional-use and short-term video services. See Application of Comsat Corporation, Petition for Partial Relief from the Current Regulatory Treatment of Comsat World Systems, 12 FCC Rcd 12059 (Int'l Bur. 1997).

<sup>23</sup> *International Competitive Carrier Order*, 102 FCC 2d at 822 (para. 22).

8. Neither GE Americom nor Columbia has a dominant position in the domestic telecommunications market. In evaluating previous transfers of control, the Commission has found that a market share of one percent in the domestic telecommunications market would not raise competitive concerns.<sup>24</sup> The Applicants state that 1998 total domestic interexchange revenues were \$272 billion, and that their combined revenues constitute less than one percent of that amount.<sup>25</sup> Thus, based on the uncontradicted statements of the Applicants, we conclude that, because Columbia/GE Americom's share of the domestic telecommunications market is less than one percent, it does not raise competitive concerns.

**b. International Telecommunications Markets**

9. The Applicants state that they do not compete with each other in the IMTS market, and that neither holds a dominant position in any international telecommunications market.<sup>26</sup> The Applicants also assert that neither GE Americom nor Columbia is dominant in any international telecommunications market, and that Columbia's market share in the IMTS market is *de minimis*.<sup>27</sup> In addition, they note that the international telecommunications market is composed of large, well-established systems such as INTELSAT, New Skies, Hughes/PanAmSat, and Loral/Orion.<sup>28</sup>

10. Columbia and GE Americom serve substantially different and distinct markets. Although neither party is precluded from entering the other's market, GE Americom has remained primarily a domestic service provider, while Columbia principally serves the international telecommunications marketplace.<sup>29</sup> Under these circumstances, we find that the merger raises no concerns about substantial harm to competition in any international telecommunications market.

11. In addition, based on the uncontradicted statements of the Applicants, the combined GE Americom/Columbia will be able to offer a wider range of services with greater efficiency. GE Americom's experience and financial assets will make Columbia a stronger competitor internationally, and the addition of Columbia's AOR and POR facilities will enhance GE Americom's ability to provide its customers with a full array of service options.<sup>30</sup> Further, the

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<sup>24</sup> *Loral/Orion Order*, 13 FCC Rcd at 4596 (para. 10); Application of Contel Corporation, Transferor, GE American Communications, Inc. Transferee, and GTE Spacenet Corporation, Licensee, Order and Authorization, 9 FCC Rcd 5775, 5776 n.7 (Com. Car. Bur. 1994) (*Contel/GE Americom Order*). The Commission has not applied the one percent test to mergers in markets other than the domestic telecommunications market.

<sup>25</sup> Space Station Assignment Application at 8-9, *citing* Trends in Telephone Service, Table 19.2 (Com. Car. Bur., Industry Analysis Div., Sept. 1999).

<sup>26</sup> Space Station Assignment Application at 9.

<sup>27</sup> Space Station Assignment Application at 9.

<sup>28</sup> Space Station Assignment Application at 9.

<sup>29</sup> Space Station Assignment Application at 5. GE Americom's and Columbia's areas of concentration are similar to Loral's and Orion's areas of concentration prior to their merger. *Loral/Orion Order*, 13 FCC Rcd at 4597 (para. 12).

<sup>30</sup> Space Station Assignment Application at 8-9. *See Loral/Orion Order*, 13 FCC Rcd at 4597-98 (para. 13).

new entity should be better poised to compete in the global satellite services market.<sup>31</sup> Given that there are no substantial concerns regarding harm to competition resulting from this transaction, these stated benefits are sufficient to establish that authorization of this transaction will serve the public interest.

**C. Waiver of Cut-off Rules**

12. Columbia does not have any applications pending in any processing round. Nevertheless, the Applicants seek waiver of the "cut-off" rules in Section 25.116.<sup>32</sup> Section 25.116(b)(3) of the Commission's rules states that an amendment specifying a substantial change in beneficial ownership of an applicant that requires an application under Section 301(d) of the Act is a major amendment.<sup>33</sup> Section 25.116(c)(2) states that the Commission will consider an application newly filed if it is amended by major amendment filed after the "cut-off" date applicable to the application, unless the major amendment reflects a change in ownership and a request for exemption from the "cut-off" date is granted.<sup>34</sup> Inasmuch as Columbia does not have any applications pending in processing rounds, the cut-off rules do not apply and the request for waiver is unnecessary. Accordingly, we dismiss this request as moot.

**IV. CONCLUSION**

13. In view of the forgoing, we find that granting the applications will serve the public interest, convenience, and necessity by increasing competition in the satellite services market to the benefit of U.S. consumers. For this reason and the reasons described in this Order and Authorization, we grant the application of GE Americom and Columbia for consent to the transfer from Columbia to Merger Sub of Columbia's authorization to launch and operate several satellites in the AOR and POR. We also grant the related application of GE Americom and Columbia for consent to the transfer from Columbia to Merger Sub of Columbia's authorizations associated with earth station facilities in Las Cruces, New Mexico. Finally, we dismiss the Applicants' request for waiver of Section 25.116(c)(2) of the Commission's rules as moot.

**V. ORDERING CLAUSES**

14. Accordingly, IT IS ORDERED that File No. SAT-T/C-20000203-00056, Application for Consent to Transfer of Space Station Licenses of Columbia Communications Corporation, and File No. SES-T/C-20000203-00142, Application for Consent to Transfer of Earth Station License of Columbia Communications Corporation, ARE DISMISSED AS MOOT, to the extent that they seek waiver of Section 25.116(c)(2) of the Commission's rules, 47 C.F.R. § 25.116(c)(2), and otherwise ARE GRANTED.

15. IT IS FURTHER ORDERED that pursuant to Section 1.65 of the Commission's rules, 47 C.F.R. § 1.65, GE American Communications, Inc. and Columbia Communications

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<sup>31</sup> Space Station Assignment Application at 8-9. *See Loral/Orion Order*, 13 FCC Rcd at 4598 (para. 13).

<sup>32</sup> Space Station Assignment Application at 10-11, *citing* 47 C.F.R. § 25.116.

<sup>33</sup> 47 C.F.R. § 25.116(b)(3).

<sup>34</sup> 47 C.F.R. § 25.116(c)(2).

Corp. are afforded 30 days from the date of the release of this Order to amend all applications to reflect the new ownership structure approved in this Order.

16. This Order is issued pursuant to Section 0.261 of the Commission's rules on delegated authority, 47 C.F.R. § 0.261, and is effective upon release.

FEDERAL COMMUNICATIONS COMMISSION

Donald Abelson  
Chief, International Bureau

APPENDIX A

Thirteen GE Americom Satellites  
That Provide Primarily Domestic Service

- (1) C5 at 139° W.L.; C-band
- (2) GE-8 at 139° W.L.; C-band<sup>1</sup>
- (3) C1 at 137° W.L.; C-band
- (4) GE-7 at 137° W.L.; C-band<sup>2</sup>
- (5) C4 at 135° W.L.; C-band
- (6) C3 at 131° W.L.; C-band
- (7) GS4 at 105° W.L.; Ku-band
- (8) GE-1 at 103° W.L.; Hybrid C/Ku-band
- (9) GE-4 at 101° W.L.; Hybrid C/Ku-band<sup>3</sup>
- (10) GE-3 at 87° W.L.; Hybrid C/Ku-band
- (11) GE-2 at 85° W.L.; Hybrid C/Ku-band
- (12) K2 at 81° W.L.; Ku-band
- (13) GE-5 at 79° W.L.; Ku-band

*Source:* GE Americom's website at <<[www.geamericom.com/satellite/fleet.html](http://www.geamericom.com/satellite/fleet.html)>>.

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<sup>1</sup> This is scheduled to replace C5 in the Fourth Quarter of 2000.

<sup>2</sup> This is scheduled to replace C1 in the Second Quarter of 2000.

<sup>3</sup> Subsequent to the time GE Americom posted this information on its website, it moved GE-4 from 101° W.L. to 81° W.L.